

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

CASE NO. 07-10725

CHAPTER 11

DEBTOR: L.I.D., LTD.

OPERATING STATEMENT
FOR THE QUARTER ENDED DECEMBER 31, 2009

DEBTOR'S ADDRESS: PO BOX 990048
BOSTON, MA 02199

DEBTOR'S ATTORNEY: RONALD FRIEDMAN
SILVERMAN ACAMPORA LLP
100 JERICHO QUADRANGLE
JERICHO, NY 11753

DISBURSEMENTS FOR THE QUARTER: \$ 65,066

OPERATING PROFIT FOR THE QUARTER: 273

REPORT PREPARER: MARK BOUCHER

THIS OPERATING STATEMENT MUST BE SIGNED BY A REPRESENTATIVE OF THE DEBTOR

The undersigned, having reviewed the attached report and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury, that the information contained therein is complete, accurate and truthful to the best of my knowledge.

1/14/10
DATE

M. Boucher
MARK L BOUCHER
for Consensus Advisory Services, LLC - Distribution Agent

Statement of Operations
For the quarter ended December 31, 2009
(unaudited)

	<u>7/1/2009 Through 12/31/2009</u>	<u>Cumulative 3/17/2007 Through 12/31/2009</u>
Net Sales		47,197,480
Cost of goods sold	-	81,726,013
Gross profit	-	(34,528,533)
<u>Operating expenses:</u>		
Selling:		
Salaries		637,783
Payroll taxes		115,599
Commissions		-
Consulting		420,854
Trade show expense		56,226
Travel and entertainment		97,297
Advertising	-	222,999
	-	1,550,758
General and administrative:		
Salaries		692,973
Payroll Taxes & Health Insurance		159,366
Rent	501	747,639
Computer		31,179
Communication		60,370
Insurance:		
Accounts receivable credit insurance		2,244
General	(1,281)	92,748
Office supplies	42	22,138
Outside services		9,936
Alarm protection		43,586
Shipping and postage		94,949
Displays and showcases		22,816
Depreciation and amortization		631,929
Contributions		-
Bad debt expense		2,708,307
Miscellaneous	465	235,575
	(273)	5,555,755
Operating expenses	(273)	7,106,513
Operating income (loss)	273	(41,635,046)
Interest expense	-	3,624,509
Loss before provision for income taxes	273	(45,259,555)
Provision for income taxes	-	61
Loss from continuing operations	273	(45,259,616)
<u>Reorganization expenses:</u>		
US Trustee Fees	1,950	69,325
Distribution Agent Fee	10,500	48,300
Chapter 11 Professional Fees	6,608	3,112,652
	19,058	3,230,277
Loss from discontinued operations (aircraft)	-	349,867
Net loss	(18,785)	(48,839,760)
Retained earnings, beginning of period	(59,942,029)	(11,121,054)
Accumulated deficit, end of period	\$ (59,960,814)	\$ (59,960,814)

Statement of Assets, Liabilities and Shareholders' Equity
As of December 31, 2009
(unaudited)

ASSETS

Current assets:

Cash	\$	77,203	
Accounts receivable, net		369,649	
Inventories, net of reserves		-	Note 6
Due from related parties		66,404,230	Note 1
Due from shareholder		19,160	
Deferred tax assets		-	
Prepaid expenses and other current assets		251,453	
Total current assets		<u>67,121,695</u>	

Property and equipment, net

-

Investments

-

Deferred tax assets

-

\$ 67,121,695

LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)

Post Petition Liabilities

Accounts payable	\$	-	Note 2
Due to related parties		3,765,704	Note 3, 5
Due to shareholder		137,047	Note 3, 5
Accrued expenses and other current liabilities		472,970	Note 2
Chapter 11 Professional Fees Payable		23,041	
US Trustee's Fees Payable		-	
Total current liabilities		<u>4,398,762</u>	

Pre Petition Liabilities

Accounts payable		2,218,439	Note 7
Notes payable - banks		4,642,675	Note 4
Due to related parties		61,029,014	Note 3, 5
Due to Shareholder		49,753,619	Note 3, 5
Accrued expenses and other current liabilities		-	
		<u>117,643,747</u>	

Commitments and contingencies

Shareholder's equity:

Common stock, no par value:

Authorized - 1,000 shares

Issued and outstanding - 1,000 shares 40,000

Additional paid-in capital 5,000,000

Retained earnings (Accumulated deficit) (59,960,814)

Total shareholder's equity (54,920,814)

\$ 67,121,695

Notes to Statement of Assets, Liabilities and Shareholders' Equity
As of December 31, 2009
(unaudited)

Note 1 Due from Related Parties is comprised of the following:

	As of 12/31/09
Four Points Corporation	-
L.I.D. Hong Kong	1,502,097
L.I.D. Japan Co. LTD	486,199
L.I.D. Jewelry India PVT. LTD	64,306,193
L.I.D. LA	<u>109,741</u>
	66,404,230

Received full settlement payment from Four Points on 9/30/08
The Four Points Balance had been written down by \$740,960 to reflect the settlement agreement

Note 2 All post petition accounts payable are current

Note 3 Due to Related Parties is comprised of the following:

	Pre Petition Liabilities	Post Petition Liabilities
L.I.D. (Hong Kong)	43,460	-
L.I.D. (Japan)	145,281	-
L.I.D. Jwl (India) Private Ltd.	<u>60,840,273</u>	<u>3,765,704</u>
	<u>61,029,014</u>	<u>3,765,704</u>

Note 4 Pre Petition Liabilities - Notes Payable to Banks was reduced by \$31,330,220. The proceeds for the debt repayment were principally from the inventory auction which occurred on 5/14/08 as well as through the collection of accounts receivables

Note 5 Included in Post Petition Liabilities liabilities to L.I.D. Jwl (India) Private Ltd. And L.I.D. Israel. These liabilities result from goods being shipped by these entities to the Debtor for the post petition period. This activity have been subject to Cash Collateral Orders which allowed for the shipment of goods but **specifically excluded full payment** to the affiliates. Additionally, the liability to L.I.D. Jwl (India) Private Ltd is offset in part by post petition receivables for goods shipped by the Debtor for remanufacture. This activity was also subject to the Cash Collateral Orders.

Note 6 On May 14, 2008 the Debtor held an auction subject to Section 363 for all of it's inventory. The inventory was sold on 5/14/08 at the auction and delivered by 5/23/08. Proceeds were released from escrow as the goods were delivered.

Note 7 On November 11, 2008 LID paid \$192,669 to its unsecured creditors as part of its confirmed liquidation plan. Unsecured creditors received 100 cents on the dollar for their claims.

Schedule of Cash Receipts and Disbursements
For Period 10/1/09 to 12/31/09
(unaudited)

	October 1, 2009 through December 31, 2009										Cumulative since Filing Date (March 17, 2007)									
	Sovereign - Operating (Acct #357 -2101-514)	Leumi - Checking (Closed)	ABN (Closed)	HSBC (Closed)	Sovereign- RI (Closed)	HSBC - DIP Savings (Closed)	B of A Distribution Acct	Total	Sovereign - Operating (Acct #357 -2101-514)	Leumi - Checking (Closed)	ABN (Closed)	HSBC (Closed)	Sovereign- RI (Closed)	HSBC - DIP Savings (Closed)	B of A Distribution Acct	Total				
Cash, beginning of period	\$ 140,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,988	\$ 2,879	\$ 31,401	\$ 7,788	\$ 7,553	\$ 86,833	\$ -	\$ -	\$ 136,454				
Receipts																				
Collection of Accounts Receivable								-	15,727,608	-	238	-	-	-	-	15,727,846				
Other Receipts	1,281	-	-	-	-	-	-	1,281	34,074,849	76,826	1,144	48,350	340	21,769	-	34,223,278				
Voided Checks	-	-	-	-	-	-	-	-	31,715	22,344	-	-	-	-	1,280	55,339				
Intra-Company Transfers	-	-	-	-	-	-	-	-	2,030,135	1,267,066	2,278,923	1,298,250	1,979,600	2,000,000	200,000	11,053,974				
Total Receipts	1,281	-	-	-	-	-	-	1,281	51,864,307	1,366,236	2,280,305	1,346,600	1,979,940	2,021,769	201,280	61,060,437				
Disbursements																				
Insurance								-	66,347							66,347				
Alarm Protection								-	30,158							30,158				
Blue Skies Aircraft Holdings								-	133,946							133,946				
Chapter 11 Professionals	17,108							17,108	2,652,630							2,652,630				
Stalking Horse Fees								-	538,644							538,644				
Computer/IT								-	26,698							26,698				
Consulting								-	469,365							469,365				
Copy Machine Lease								-	1,046							1,046				
Dues and Subscriptions								-	4,839							4,839				
Health, Dental & Life Insurance (Cobra)								-	231,505							231,505				
Interest								-	591,530							591,530				
Janitorial								-	8,115							8,115				
Jewelers Block								-	135,266							135,266				
Lenders Group Fees								-	1,410,145							1,410,145				
Manufacturing								-	357,538							357,538				
Marketing								-	52,651							52,651				
Miscellaneous	465							465	84,844	1,362	886	235	246			87,283				
Moving Costs								-	27,382							27,382				
Office Supplies	42							42	2,730							2,730				
Outside Services (UCC)								-	1,011,217							1,011,217				
Payroll								-	394,359							394,359				
Payroll Taxes	45,000							45,000	33,866,287	804,121	1,283,563	751,315	1,055,518			37,760,804				
Principal & Interest	501							501	869,828							869,828				
Rent								-	225,128							225,128				
Shipping								-	11,412							11,412				
Show Case Displays								-	60,481							60,481				
Telephone								-	123,733							123,733				
Travel & Entertainment								-	72,350							72,350				
U.S. Trustee's Fees	1,950							1,950	25,000							25,000				
Financing Fees								-	8,894,339							8,894,339				
Payment to Unsecured Creditors								-												
Intra-Company Transfers								-												
Total Disbursements	65,066	-	-	-	-	-	-	65,066	51,789,983	1,397,637	2,288,093	1,354,153	2,066,773	2,021,769	201,280	61,119,688				
Net Cash Flow	(63,785)	-	-	-	-	-	-	(63,785)	74,324	(31,401)	(7,788)	(7,553)	(86,833)	-	-	(9,251)				
Cash, end of period	\$ 77,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Total Disbursements, net of Intra-Company Transfers	0	-	-	-	-	-	-	0	65,066	-	-	-	-	-	-	65,066				

**Detail Schedule of Cash Disbursements
For Period 10/1/09 to 12/31/09
(unaudited)**

Date	Check #	Payee	Total Disbursement	Disbursement excluding Transfers
Sovereign Checking				
10/06/2009	3026	Consensus Advisory Services	45,000.00	45,000.00
10/06/2009		Consensus Advisory Services	10,500.00	10,500.00
10/06/2009		Consensus Advisory Services	41.66	41.66
10/15/2009	3027	Public Storage Inc	501.00	501.00
10/15/2009	3028	US Trustee Payment Center	1,950.00	1,950.00
10/15/2009			105.00	105.00
10/30/2009			50.00	50.00
11/09/2009	3029	Silverman Acampora LLP	3,075.24	3,075.24
11/16/2009			105.00	105.00
11/30/2009			50.00	50.00
12/11/2009			105.00	105.00
12/21/2009	3030	Silverman Acampora LLP	3,532.72	3,532.72
12/31/2009			50.00	50.00
Total - Sovereign Checking			<u>65,065.62</u>	<u>65,065.62</u>
Total Disbursements			<u>65,065.62</u>	<u>65,065.62</u>

Summary of Accounts Receivable
As of December 31, 2009
(unaudited)

Total Accounts Receivable	67,355,244	67,355,244
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Four Points Corporation	-	-
L.I.D. Hong Kong	1,502,098	1,502,098
L.I.D. Japan Co. LTD	486,199	486,199
L.I.D. Jewelry India PVT. LTD	64,306,193	64,306,193
L.I.D. LA	109,741	109,741
Other	19,160	19,160

Accounts Receivable less Related Parties	-	-	931,853	931,853
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(562,204)

369,649

L.I.D. Ltd.
(Debtor in Possession)
Case #07-10725

Statement on Unpaid Post-Petition Taxes

This statement is to confirm that L.I.D. Ltd has no unpaid post-petition taxes other than general corporate income taxes which will be determined in accordance with the year-end tax returns.

Mark L. Boucher

L.I.D. Ltd.
 (Debtor in Possession)
 Case #07-10725

Statement of Payroll Taxes Paid
 For Period 10/1/09 to 12/31/09
 (unaudited)

Check Date	Social Security		Medicare		Federal Withholding Tax		FUCA Tax	NY State Income Tax	NY City Tax	NY State SUTA	Total
	Employee	Employer	Employee	Employer	Employee	Employer					
	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

Note
 Final LID payroll was 5/30/08. There are no employees as of 5/31/08 as all have been terminated. No additional payroll tax liability will be incurred.

L.I.D. Ltd.
(Debtor in Possession)
Case #07-10725

Statement on Insurance

This statement is to confirm that L.I.D. Ltd has paid all insurance premiums including those of current workers' compensation, property, and general liability coverage for the current period

Mark L. Boucher

L.I.D. Ltd.
(Debtor in Possession)
Case #07-10725

List of Bank Accounts

Name	Type	Account #	Tab #
Sovereign - Checking - NYC	Operating	357-2101-514	Tab #1
Leumi - Checking	Non-Operating	Closed	NA
ABN Amro	Non-Operating	Closed	NA
HSBC	Non-Operating	Closed	NA
Sovereign - RI	Non-Operating	Closed	NA
HSBC - DIP Savings	DIP Savings	Closed	NA
Bank of America	Unsecured Creditor Distribution	Closed	Tab #2

TAB 1

L.I.D. Ltd.
(Debtor in Possession)
Case #07-10725

Bank Reconciliations
12/31/09

Sovereign Checking NYC
(Account #357-2101-514)
GL # 01-01-0009
unaudited

Book Balance	\$ 77,203.36
Outstanding Checks	-
Balance per Bank	-
Adjusted Bank Statement	<u><u>77,203.36</u></u>
Bank Deposit Adjustment	-
Actual Bank Balance	<u><u>77,203.36</u></u>
Variance	<u><u>-</u></u>

Outstanding Checks
Sovereign Checking NYC
GL # 01-01-0009

Total Outstanding

-

CORPORATE BANKRUPTCY

Statement Period 12/01/09 - 12/31/09

LIDLTD

Account # 3572101514

Balances

Beginning Balance	\$80,037.14	Ending Balance	\$77,203.36
Deposits/Credits	+ \$853.94	Average Daily Balance	\$80,061.11
Withdrawals/Debits	\$3,687.72		

Service Fees

	Date	# Transactions	Fee	Total
MONTHLY MAINTENANCE FEE	12/31/09	1	50.00	\$50.00
Total				\$50.00

Checks Posted

Check #	Date Paid	Amount	Reference #	Check #	Date Paid	Amount	Reference #
3030	12/28	\$3,532.72	631074460				

1 Check(s) Posted = \$3,532.72

An asterisk (*) indicates a skip in sequential check numbers which may be caused by one of the following:

- A check not yet received
- A check that was converted to an electronic transaction, which will be listed in the "Electronic Checks Posted" section below. If no checks were electronically converted, this section will not appear.

Account Activity

Date	Description	Credits	Debits	Balance
12-01	Beginning Balance			\$80,037.14
12-10	DEPOSIT	\$426.97		\$80,464.11
12-11	ANALYSIS FEES		\$105.00	\$80,359.11
	ANALYSIS 113009			
	3572101514			
12-14	DEPOSIT	\$426.97		\$80,786.08
12-28	CHECK 3030		\$3,532.72	\$77,253.36
12-31	TOTAL SERVICE FEES		\$50.00	\$77,203.36
12-31	Ending Balance			\$77,203.36

TAB 2

L.I.D. Ltd.
(Debtor in Possession)
Case #07-10725

Bank Reconciliations
12/31/09

Bank of America - Unsecured Creditors
Distribution Account
(Account # 0046 2303 4284)
(unaudited)

Book Balance	\$ -
Outstanding Check	<u>-</u>
Balance per Books	<u><u>-</u></u>
Bank Fee	
Actual Bank Statement	<u><u>-</u></u>
Variance	-

Account is Closed - 6/30/09